



Ryedale District Council

Internal Audit Progress Report

Period to 30 September 2018

Counter Fraud Manager: Jonathan Dodsworth

Head of Internal Audit: Max Thomas

Circulation List: Members of the Overview and Scrutiny Committee
Chief Executive
Section 151 officer

Date: 25 October 2018

Background

- 1 Fraud is significant risk to the public sector. Annual losses are estimated to exceed £40 billion in the United Kingdom.
- 2 Councils are encouraged to prevent, detect and deter fraud in order to safeguard public finances.
- 3 Veritau are engaged to deliver a corporate counter fraud service for Ryedale District Council. A corporate counter fraud service aims to prevent, detect and deter fraud and related criminality affecting an organisation. Veritau deliver counter fraud services to the majority of councils in the North Yorkshire area as well as local housing associations and other public sector bodies.

Counter Fraud Performance 2018/19

- 4 Up to 30 September, the counter fraud team identified £10.9k in fraud and achieved £11.9k in savings for the council as a result of investigative work. There are currently 13 ongoing investigations. A summary of counter fraud activity is included in the tables below.

COUNTER FRAUD ACTIVITY 2018/19

The tables below shows the total number of fraud referrals received and summarises the outcomes of investigations completed during the year to date.

	2018/19 (As at 30/9/18)	2018/19 (Target: Full Year)	2017/18 (Full Year)
% of investigations completed which result in a successful outcome (for example benefit stopped or amended, sanctions, prosecutions, properties recovered, housing allocations blocked).	44%	30%	42%
Amount of actual savings (quantifiable savings - e.g. CTS) identified through fraud investigation.	£11,914	£20,000	£55,161

Caseload figures for the period are:

	2018/19 (As at 30/9/18)	2017/18 (Full Year)
Referrals received	28	71
Referrals rejected	11	24
Number of cases under investigation	13	13 ¹
Number of investigations completed	9	33

¹ As at 31/3/18

Summary of counter fraud activity:

Activity	Work completed or in progress
Data matching	<p>The 2018/19 National Fraud Initiative (NFI), a regular datamatching exercise run by the Cabinet Office, is underway. A wide ranging set of data is currently being gathered and processed before it is securely sent to the Cabinet Office. The results of the exercise are expected to be released in February 2019.</p> <p>The council is also participating in an NFI pilot project alongside regional partners looking at business rate fraud. Results have recently been released and there are over 4,000 matches to review.</p>
Fraud detection and investigation	<p>The service continues to use criminal investigation techniques and standards to respond to any fraud perpetrated against the council. Activity to date includes the following:</p> <ul style="list-style-type: none"><li data-bbox="421 906 2002 1075">• Council Tax Support fraud – To date the team has received 18 referrals for possible CTS fraud. In 2018/19 one person has been given a warning relating to fraud in this area, and one person has been issued with a financial penalty. There are currently 9 cases under investigation.<li data-bbox="421 1142 2002 1225">• Council Tax/Non Domestic Rates fraud – 6 referrals for council tax fraud have been received in 2018/19. There are currently 4 cases under investigation.<li data-bbox="421 1273 2002 1315">• Internal fraud – There have been no reports of internal fraud.

Activity	Work completed or in progress
Fraud liaison	The fraud team acts as a single point of contact for the Department for Work and Pensions and is responsible for providing data to support their housing benefit investigations. The team have dealt with 19 requests on behalf of the council in 2018/19.
Fraud Management	<p>In 2018/19 a range of activity has been undertaken to support the Council's counter fraud framework.</p> <ul style="list-style-type: none"> • In May, the council's counter fraud transparency data was updated to include data on counter fraud performance in 2017/18 meeting the council's obligation under the Local Government Transparency Code 2015. • The council participated in the annual CIPFA Counter Fraud and Corruption Tracker (CFaCT) survey in June 2018. Information provided will form part of an upcoming CIPFA report which aims to provide a national picture of fraud, bribery and corruption in the public sector and the actions being taken to prevent it. • As part of the 2018/19 National Fraud Initiative, council forms and privacy notices have been checked to ensure they are compliant with national guidance relating to datamatching exercises. • The counter fraud team alerts council departments to emerging local and national threats through a monthly bulletin and specific alerts over the course of the year. <p>We are also pleased to report that the counter fraud team have been named as a finalist in two categories of the Institute of Revenues Rating & Valuation (IRRV) 2018 performance awards – Excellence in Counter Fraud and Excellence in Innovation.</p>